

Stormwater Advisory Board

May 08, 2015

I. Welcome and Call to Order the regular meeting of the Stormwater Advisory Board. The meeting was called to order at 8:09 am on May 8th, 2015 in the W.A.T.E.R. Center by Chris Bohm (Chair).

Present

Board Members

Rich Basore
Chris Bohm
Hoyt Hillman
Don Kirkland
David Leyh
Gary Oborny
Joseph Pajor
Jim Weber

Absent

Board Members

Greg Allison
Mitch Mitchell

City of Wichita Staff

Jim Hardesty
Mark Hall
Joe Hickle
Don Henry

City of Wichita Staff

Dale Goter (CMO)

Visitors

John Covey
Ron Graber
Tom Stiles
Mike Tate
Trisha Moore
Katie Miller
John McDonald
Sandy McDonald
Daniel Schrant
Josh Golka

II. Approval of Minutes

Bohm opened the meeting by welcoming everyone to the meeting and he stated that he would like to go around the room and make introductions. Bohm advised the group that the official minutes were not available and those will be ready at the next meeting.

III. Public Comment Period

Bohm asked if anyone from the public would like to speak. No public comment, item closed.

IV.K State Report

Bohm began by saying that this is the most current version of the Off-Site BMP Program. He said that a couple of things have happened since the board has met last and that has been two months. He said

that he knows that city staff has been meeting with Alan King and how he would view the program and there were some questions that city staff had on those issues, Trisha should give the board some input in that regard today. Wichita reached out to KDHE & EPA, with the idea that if the City takes the program on and it shuts down and doesn't work is there a ramification for the city and the answer was No, they can go back to the standard practice with on-site BMPs. Operations and maintenance have been included, cash flows, program scalable for growth. With that Bohm turned over the floor over to Moore for her report. Moore took over by saying that she is going to go over the major revisions and some questions that the board had at the last meeting. Moore said that the major thing for revisions was the conversations with the city in concerns with the one-time fee it doesn't insure a sustainable cash flow and that's one of the criteria that the city needs from the program in order that they can be assured that there won't be a financial liability. The major change was an annual fee structure as opposed to a one time up front cost. The numbers were based on present value of maintenance cost and rather than doing that the cost were moved forward in time. Moore said that she and Hickie worked on many spreadsheets and through those spreadsheets they were able to come up with a nice scenario analysts to look at, you can change the variable participation rate and the fee doesn't really change. Looking at the fee structure from annual fee to a one-time fee, the reason for this is to ensure a continually revenue stream that meets the city's requirements that the program can continue to run. Moore went over her spreadsheet and showed the board different scenarios of the one-time fee structure and why it could pose problems for the city. Pajor asked conceptually if the developer ends up being the source of the funding, to the development community the question is, is there a workable mechanism if a developer chose to make a one-time payment the third party financial entity could convert that payment into a payment stream to meet the requirements of the city? Leyh answered by saying investors don't look 200 years out and the city doesn't look 200 years out if there was something used that is closer to a real life cycle or an investment life cycle that would be something that could be looked at but looking at this cycle it heavily weights a one-time payment for that right. Basore then asked Moore if she had forecast the urban BMP, Moore replied no but that there is the initial life cycle that looks over 50 years for those practices. She said that she thinks that the margin would continue to increase. This is to provide the city with assurance that this is a sustainable model. Moore went on with the spreadsheet. **(See Moore's report)** Bohm asked if the 3% escalation in cost included in this chart, Moore replied that no there is no inflation in the annual cost nor in the inspection cost. Bohm asked if this per acre fee or cost is it something that would be changed and subject to review on an annual basis. Moore replied yes, that one of the recommendations is that the city would need the flexibility to evaluate on a regular basis what needs to happen with the fee. If costs are inflating than you have to increase the fee and you can develop the bank pretty well. Hillman asked a question to Pajor asking if the city is banking the money what kind of interest rate can the city get on their money, two or three percent. Pajor replied that that is reasonable. Hickie said that the spreadsheet allows for scenarios. Oborny asked if the cost to run the city (administrative costs) built into this, Moore replied that the WRAPS costs are but the costs of the city will not be an additional administrative burden, the city will handle this with the staff it already has in place. Unknown audience member asked if it was on per acre basis, Moore said yes. Audience member asked if there was a difference on a tonnage basis vs what is being protected with an onsite residential pond, Moore said that yes the numbers are done on a sediment basis. She said that they have assumed that a residential property would produce about just over .3 tons of sediment a year and a no-till can

recoup about three tons per year. Oborny asked Moore if the magnitude was 100:1 where did the magnitude end up being on the rural vs urban, Moore said that it was 2:1. Moore said that they stayed equal but stayed 10 yrs. ahead. Bohm clarified by saying that if you saved one ton in Wichita than you are going out and getting two tons reduced in the agricultural community and Moore replied yes. Oborny said that early on the measurement was what was the trade off in measurement for the city to do it here vs the rural, he is trying to understand in the measurement side what is the trade off, Bohm then replied to Oborny to go to page ten of the report and tells him that is where the magnitude comes into play. Oborny then said that he is trying to understand where the base line came from, Moore said that the analysis was looking at a per acre basis but they scaled it to say that the agronomic practices are more cost effective and those went into developing the program life cycle costs. Moore went on to say that all of the costs are for one ton of sediment removed. Leyh asked what a projected real life replacement, Graber said 10/20% replacement would be the most if they would do, he said that if their no-till for 5 yrs. they will stay that way, same owner operator it's not going to change. Graber said that they are collecting fees each yr. and they are able to pay out but can go and find more acres to find. Moore said that those are the major changes in looking at the fee structure and the final recommendations of the report are:

Go with the annual fee – financial stability of the program

Use no-till for bench mark to get credit – Doesn't have to be no-till but this is a benchmark

Adapt a ratio - 2:1 – retaining more off-site

Review annual fee to ensure appropriate – flexibility to manage the program

Sediment tracking and reporting – Tracking sediment based on assumptions

Moore opened for discussion about report

Oborny asked what are the additional benefits might be gained by removing one ton in the rural vs urban area, Moore asked if he meant in terms of environmental benefits such as nutrient reduction, Oborny said yes. Moore said that there was a little verbiage added in the report and whether the sediment is coming from the rural or urban they get about 60% phosphorus or so and that is across the board. There tends to be more nutrients in the rural and that is why they see more potential of nitrogen, in the urban they are getting maybe ten times in town. Graber stepped in and said to think about the multiplier effect that was asked about and use that multiplier and they are getting that much more in the rural especially with a no-till. Hillman asked Pajor upstream on the Little Ark on the ASR, there are associated costs with pollutant reduction in the cleaning up in the process are there associated savings there may be some benefits there for the city. Pajor replied that that may be a regulatory question as to whether or not you can take benefits from one program and use them for another program. Oborny then said that he goes back to trying to drill down to the 2:1 ratio, the question is in the market and economics is that excessive? His thought is, is it a 1.10, 1.20 is it 10 or 20% return on something that is more in the range if feasibility. Pajor said that the number depends on the financial side with the risk of actually getting a return and some of the 2:1 is a safety factor. Oborny said that a

true analysis is needed on what the benefit is for urban vs rural, if there are additional things that are gained that needs to be part of analysis. Bohm asked if it is 2:1 no till replacement what is the bank, Moore replied that it is \$38,000 at 50% 2:1 at \$24 per acre per yr. Pajor said can you calculate a 1.1% trade and a 15% need to replace what is the calculation, \$7 and \$20,000 to start the bank. Oborny asked how do we get the fee, is it on the water bill, a special bill? Don Henry said we are not there yet, it's just a model. Bohm gave a figure and asked if that could be on the ERU, Pajor said that there would probably be an ERU tier system on the bill. It would be easiest for the customer and easiest for collection process. Bohm said that if they can agree on ratios then we would like to get this in front of KDHE, Bohm is Mr. King comfortable with this, Don Henry, yes they have been over the report and he agrees with it. Bohm asked tom stiles to come and talk about the ratios. Stiles said that it has to be 2:1, he said that it's not about who pays it's about overcoming uncertainty, what Trisha has put up its easy, to EPA it plays better to do 2:1. To start out in the pilot effort 2:1 is what it has to be maybe in the future it can be revisited, now is not the time to get to a favorable margin. Bohm asked if ICT gets this program down and other communities use it does it keep ICT from numeric standards. Stiles said yes, it's too chaotic to do that, it's the one reason that there not numbers on the permit. There is nothing like SWAB and KDHE hopes this will pick up. Stiles went on to say that he doesn't want to say that it will never happen but it would be EPA that does it. At best you are looking at a 20 yr. window, this is a strong initiative and we can make this work. Oborny said to remember that we have to sell this to the development community. Weber said that they city needs to start higher, it would be better than to start a fee of say \$12 then 5 yrs. later say that the fee was \$40, if we can get it down to 2:1 he agrees and he thinks that there is a need for a program that is equitable all the way around. Leyh, said that he appreciates the comments but his comment about the 15% earlier comes from Graber's experience, this is not a trial in coming up with that ratio it's not a new start for the farmers doing the no-till it's only being adopted for this use. Bohm posed a question to Oborny and Leyh and asked what's the number, what if its \$30 a year per acre and you do a five acre site, its \$150 a year is that a deal killer. You don't have to do anything, your engineer doesn't design water quality, you don't build anything extra. Hickie stepped in and said that the only thing contrary to that is on site that the city would require a snout to collect local trash. Stiles took the floor and talked about the uncertainty and the ratio. Henry stepped in and said that he wanted to get to a question that was asked of the city, is 15% something that the city is comfortable with the city is not married to that so if the board wants to try another number and come back to city this is something can be looked at. Weber said that his concern is not whether the numbers are right or not but that the only way to fund the bank is by this fee, so if you start too low and the expenses are too high you have to make an adjustment to the fee, the only way to ensure that you can keep the program going is to start out a fee that is high enough to do it. Bohm posed the question to the Oborny and Leyh if the board sent the numbers to the City Council, KDHE and EPA all agree and say start the program with \$40,000 in the bank and \$23 per acre per year maybe it could go on the ERU, could you sell this to the development community? Oborny replied it's a start of the conversation, they feel like they are only a small portion of the water quality issue in the Arkansas and they are helping solve an issue that even EPA hasn't been able to solve with agricultural because of the political scenario. The private community has been driving this issue for four years when it was instituted and the analysis that was done was paid for by them, so when they go back and talk they think that 2:1 is excessive. He said when they do their calculations they are losing 14 million a year in tax revenue there is already an

ERU fee in place that they pay into. Their thought process is that the cost benefit vs the benefit that the development community brings to the tax base should be off set. Bohm said that if this programs dies because a no one can agree on a ratio you are in the same boat. Oborny replied back that he can't say if he can answer if they will buy off. Bohm said that it doesn't really matter if they buy off because if city, KDHE & EPA don't sign off on this plan than no one will get to be involved. Bohm said that he is comfortable with 2:1, 50% and he thinks it is reasonable and that is where he is at as Chair and asked if someone wanted to make a motion but Graber asked to speak quickly and said that he would be comfortable with 50%. Hillman made motion to support the 50% and the 2:1 ratio approve and get the information back to Alan King. Bohm asked for motion and the motion carried 4 to 2 with Oborny and Leyh dissenting. Henry said that city staff will take the recommendation back to King, Bohm then asked if the recommendation can be sent forward with a review every two years for the rate adjustment. Henry said that there was some discussion and that an annual review is fair but how often and frequent it would be adjusted would be a separate conversation. Bohm also asked if while this was going through the approval process if the ERU fee could be a vehicle to assess the fee, Don replied yes they will have that conversation. Weber told Moore good work on her report.

V. Other Business

Weber talked about SMAB (Stormwater Management Advisory Board) and spoke about a draft report on a watershed study that they did on the Middle Branch of Chisholm Creek. There is a presentation from AMEC Foster Wheeler in Valley Center on May 19 at an open house. He went on to say that there is about 25 million dollars of improvements in Valley Center but there are segments that will benefit Wichita. The draft report will be on the Sedgwick County website. Bohm then asked about the agenda for the June 12th meeting.

- Approve minutes from last two meetings
- KDHE to provide feedback about program
- Funding of the bank

VI. Adjournment

With agenda set Bohm said that he would entertain a motion to adjourn, unknown members motioned and other members seconded. Meeting ended at 9:50am.